

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

Contract No. N00-C-14-20-5681

MINING LEASE INDIAN LANDS
(For Minerals other than Oil and Gas)

Mining Lease, Navajo Indian Allotted Lands

THIS INDENTURE OF LEASE, Made and entered into in quadruplicate on this
8th day October, 19 75, Between Walter Vandever, or heirs, as
the case may be. Allotment # SE 077411
of McKinley County State of New Mexico, party of the first part,
hereinafter called the Lessor, and G. Warnock
of Albuquerque State of New Mexico, party of the second part,
hereinafter called the Lessee.

WITNESSETH:

I. Lessor, in consideration of \$ 570.00 bonus receipt of which is hereby
acknowledged, of the rent and royalty to be paid, and of the agreement of the
lessee, herein contained, grants and leases unto lessee for the purpose of pros-
pecting for and mining uranium and associated minerals except coal, oil, gas,
sand, gravel, and building stone upon the land described as follows:

N 1/2, N 1/2

Section 13, Township 13 North, Range 11 West,
New Mexico Principal, Meridian, Navajo
Indian Allotted land, McKinley County, State New Mexico,

and containing 160 acres, more or less. The lessee may
occupy as much of the surface of the leased land as is necessary to carry on the
work of exploring for, developing, mining, producing, processing, marketing, and
removing said minerals, including milling and storing subject to payments to be
made as hereinafter set forth. Subject to the limitations hereinafter provided,
lessee shall have the right and license in connection with the operation of
mining on the lands to construct thereon buildings, pipelines, plants, tanks and
other structures used or useful in the production, processing and transportation

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of said minerals; make excavations, openings, stockpiles, dumps, ditches, trains, roads, railroads, spur tracts, transmission lines, and other improvements used or useful in said production processing and transportation; produce electrical power for its own use, erect and operate power lines, place machinery and other equipment and fixtures upon the lands; use and transport water developed by lessee on the lands and any other water made available to Lessee; prepare for market, remove, process, and sell minerals; do all other things upon said leased premises that may be necessary to carry on the mining operations hereunder, including the right of ingress and egress; however, the rights contained herein do not include the right to dump waste minerals or tailings from properties not included in this lease.

(a) Survey of Leased Premises.

Within 180 days of the approval of this lease, Lessee at its own expense shall have the leased premises surveyed by a registered surveyor, the boundaries posted with substantial monuments and a tie established with the nearest United States Public Survey marker. A plat map of the leased premises shall be furnished to the Area Director in quadruplicate and two additional copies furnished to the Regional Mining Supervisor.

II. TERM. Subject to the other provisions herein contained, this lease is for a term of 10 years from the date of its approval and as long thereafter as the minerals specified are produced in paying quantities.

III. DEFINITION. Area Director refers to the official in charge of the Navajo Area Office, Window Rock, Arizona. The Secretary refers to the Secretary of the Interior or his authorized representative, Supervisor refers to the Regional Mining Supervisor, U. S. Geological Survey, Carlsbad, New Mexico.

IN CONSIDERATION OF THE FOREGOING, THE LESSEE AGREES:

IV. ROYALTY. To pay or cause to be paid to the Area Director for the use and benefit of the Lessor royalties as specified in Exhibit "A" attached hereto and by reference made a part hereof. Such royalties are payable not later than the 25th day of the succeeding month for which royalties are due.

V. MINIMUM ROYALTY. A minimum advance royalty of \$4.00 per acre shall become due and payable at the beginning of the fourth lease year. If there is production during the fourth or any lease year following, the minimum royalty shall be credited against actual royalty during such year, but no other year. If the lease is surrendered or cancelled, no advance royalty paid to Lessor will be refunded.

VI. ANNUAL RENTAL. To pay or cause to be paid to the Area Director for the use and benefit of the Lessor, in advance, beginning

with the date of approval of the lease, as annual rental, the sum of \$1.00 per acre for the first lease year and thereafter \$1.00 per acre on each anniversary date of the approved lease. The rent shall not be credited against royalties accruing to the Lessor under this lease. If the lease is surrendered or cancelled, no rent accruing to the Lessor will be refunded.

VII. ADJUSTMENT OF ROYALTY. Royalty rates shall be subject to reasonable adjustment by the Secretary of the Interior or his authorized representative, with the consent of the Lessor, at the end of the first 5-year period, at the end of the primary term, and at each successive 10-year period thereafter, based on market conditions as supported by evidence from the field.

The Lessee agrees that the Secretary of the Interior, for the purpose of determining the royalties due hereunder, may establish reasonable minimum values for the minerals mined, due consideration being given to the highest price paid to producers for minerals of like quality produced from the same general area, the price received by the Lessee, posted prices and other relevant matters.

VIII. EXCAVATION, WASTE AND CONSTRUCTION AREA. It is further agreed that in addition to all payments of bonuses, royalties and rentals heretofore set forth, the Lessee shall pay to the Area Director for the use and benefit of the Lessor, ONE HUNDRED DOLLARS (\$100) per acre for each acre and a proportionate amount for each part of an acre within the leased premises used for permanent construction, open-pit mining or dumping of waste material, including over burden and tailings, derived from ores extracted from the lands included in this lease. This amount shall become due and payable at the end of the lease year in which the use of the acreage commences and shall be payable one time only. Before any such use commences, Lessee shall furnish to Lessor and Secretary or his authorized representative, reasonable evidence either that no commercial ores are beneath the surface of the land or that because of the depth of any commercial ore body, such surface use of the land will not interfere with mining such ore body.

(a) Campsites. The Lessee agrees to pay to the Area Director for the use and benefit of the Lessor, ONE HUNDRED DOLLARS (\$100) per acre for all land used for campsite purposes within the leased premises, it being understood that the payment of \$100 per acre is in addition to all other payments made under this lease and is a sum which shall be charged only once for campsite acreage. The campsite selected shall be the minimum acreage necessary for operation of the mill and shall not include a complete housing and community development for Lessee's employees.

IX. OWNERSHIP OF WASTE MATERIAL. Lessee may remove to other lands overburden and waste materials extracted from the leased premises or waste materials which are residual waste products of processed ores from

the leased premises; provided, if minerals are removed from such materials by Lessee, Lessee shall pay Lessor royalty as provided under the provisions of this lease. Upon cancellation, termination or expiration of this lease, Lessee will have no obligation to remove alluvium and waste materials from the leased premises and they will become the property of the Lessor.

X. PROTECTION OF ENVIRONMENT AND RESTORATION OF SURFACE. The Lessee agrees to preserve and protect the natural environment conditions of the land encompassed by his lease, or land affected by his exploration or mining operations, and to take such corrective actions as may be necessary within the scope of normal soil conservation and anti-stream and anti-air pollution practices as follows:

(1) Conduct operations so as not to pollute any surface or subsurface fresh water supply.

(2) Control water supplies in conformity with existing laws and Tribal ordinances and in all cases hold erosion and flood damage to a minimum.

(3) Terrace and landscape waste disposal areas in a reasonable manner at his own cost and expense. The landscaping shall include, but is not limited to, the planting of grasses, shrubs, and other vegetation which will partially screen the area from view and control water and wind erosion. The surface of any waste dumps shall be left reasonably flat, and tailings will be covered with soil to a depth that will permit the early establishment and propagation of vegetation upon the completion of use of the leased premises or said waste or tailings, dumps or deposits.

(4) Conduct operations that will minimize air pollution which may result from stripping, mining, milling, hauling, leaching, or waste disposal, in conformity with existing or future laws or Tribal laws or Tribal ordinances enacted applicable to air pollution control.

(5) As soon as practicable after the issuance of the lease, and before the commencement of any surface-disturbing activities, the Lessee shall submit a plan of implementation which shall indicate how the previously agreed to stipulations of environmental preservations and surface reclamation will be carried out. The plans of implementation shall be in conformance with 25 CFR 177.6 and 177.7 and shall be submitted to the Regional Mining Supervisor, U. S. Geological Survey, and Superintendent for approval.

XI. GOVERNMENT RESERVES RIGHT TO BUY MINERALS PRODUCED. In time of war or other public emergency, any of the executive departments of the United States Government shall have the option to purchase at the posted market price on the day of sale, all or any part of the substance or substances produced under this lease.

XII. DILIGENCE, PREVENTION OF WASTE. Lessee agrees to exercise diligence in the conduct of prospecting and mining operations, to carry

on development and operations in a workman-like manner and to the fullest possible extent; to neither commit nor suffer to be committed waste upon the land leased; to comply with the applicable laws of the state in which the land is located; to take appropriate steps to preserve the property and provide for the health and safety of workmen; to surrender and return promptly the premises upon the termination of this lease to whomever is lawfully entitled thereto in as good condition as received, except for the ordinary wear and tear and unavoidable accidents in their proper use of the premises; not to remove any buildings or permanent improvements erected on the leased property during the term of lease. If the payments agreed upon by this lease have been made and the other lease terms and applicable regulations have been complied with, the office fixtures and records, personal property, tools, pumping, and drilling outfits, boilers, engines, and mining machinery may be removed by the Lessee at any time before 120 days after the lease expires by forfeiture or otherwise. The Area Director may grant reasonable extension of time for removal of such equipment.

XIII. FOREST PROTECTION. The Lessee agrees:

- (1) To submit in advance to the Area Director for approval, a site development and layout plan, construction plan and any revisions thereto.
- (2) Not to cut, destroy or damage timber without prior authority of the Commissioner of Indian Affairs or his authorized representative, such authorization to be made only where required by the pursuance of necessary mining operations.
- (3) To pay for all such timber cut, destroyed or damaged at rates prescribed by the Commissioner of Indian Affairs or his authorized representative, such rates to be determined on the basis of sales of similar timber in the vicinity.
- (4) Not to interfere with the sale or removal of timber from the land covered by this lease by contractors operating under an approved timber sales contract now in effect or which may be entered into during the period of this lease.
- (5) To do all in its power to prevent and suppress forest, brush or grass fires on the leased land and in its vicinity, and to require its employees, contractors, subcontractors and employees of contractors or subcontractors to do likewise. To place its employees, its contractors, subcontractors and the employees of such contractors or subcontractors employed on the leased land at the disposal of any authorized officer of the Indian Service for the purpose of suppressing forest, brush or grass fires with the understanding that the payment of such services shall be made by the United States at rates to be determined by the Commissioner of Indian Affairs or his authorized representative, which rates shall not be less than the rates of pay prevailing in the vicinity for services of

similar character; provided that no payment shall be made for services rendered in the suppression of fires for which the Lessee, its employees, contractors, or subcontractors of the employees of such contractors or subcontractors are responsible.

(6) To pay for the loss of all timber ten (10) inches or more in diameter occasioned by fires for which it or any of its employees, its contractors, subcontractors or the employees of such contractors or subcontractors are responsible for the start or spread, the assessment of the value of such damages to be determined by the Commissioner of Indian Affairs or his authorized representative on the basis of the value of such timber on sales of similar timber in the vicinity. Also, to pay liquidated damages for all young timber less than ten (10) inches in diameter destroyed by such fires and to pay all costs for the suppression of fires for which it or any of its employees, contractors or subcontractors, or the employees of such contractors or subcontractors are responsible.

(7) Not to burn rubbish, trash or other inflammable materials, except with the consent of the authorized representative of the Commissioner of Indian Affairs, and not to use explosives in such manner as to scatter inflammable materials on the surface of the land during the fire season, except as authorized to do so by such representative.

XIV. DEVELOPMENT. The land described herein shall not be held by the Lessee for speculative purposes, but for mining the minerals specified. The Lessee shall begin operations within 12 months from the effective date of this lease. The lessee shall spend annually in actual mining operations, development, and improvements upon the leased land, or for the benefit of the leased land, including the annual rental, not less than \$11.00 per acre. The Lessee shall file with the Area Director an itemized statement, in duplicate, within 20 days after each lease year, of the amount and character of the expenditures during the lease year. The statement must be certified under oath by the Lessee or its agent. If the Lessee fails to diligently develop or operate the mine, except when operation is interrupted by a strike, an act of God or casualty not attributable to the Lessee, this lease will be subject to cancellation.

XV. UNITIZATION. In the event two or more leases comprise a single logical mining unit in accordance with maps and plans showing the proposed mining methods and the plant layout which have been submitted by the Lessee and approved by the Regional Mining Supervisor, then the Lessee may unitize such leases on such terms and conditions as may be agreed upon by the Lessor and the Lessee with the consent of the Secretary of the Interior.

XVI. MONTHLY STATEMENTS. To keep an accurate record of the mining operations, showing the sales, prices, dates, purchasers, and the amount of minerals mined, the amount of minerals removed, and the gross receipts, and to furnish the Regional Mining Supervisor and the Area Director sworn monthly reports before the twenty-fifth of the succeeding month. All royalty and advance rental due shall be a lien on all implements, tools, movable machinery and all other chattels used in the operation and upon all of the unsold minerals obtained under the lease. An audit of the accounts and books of the Lessee shall be made annually or at any other time directed by the Area

Director by a certified public accountant approved by the Secretary of the Interior and at the expense of the Lessee. The Lessee shall furnish, through the Area Director, a free copy of the audit to the Lessor and the Secretary of the Interior within 30 days after the completion of each audit.

XVII. REGULATIONS. To abide by and conform to the terms of this lease and all regulations of the Secretary of the Interior now or hereafter in force and relative to such leases including 25 CFR 171 and 177, and 30 CFR 231, except as qualified herein. Rate of royalty, the annual rental or the term of the lease may not be changed by a future regulation without the written consent of the parties of this lease.

XVIII. ASSIGNMENT OF LEASE. Not to assign this lease or any interest therein by an operating agreement including agreements providing for payment of overriding royalty or otherwise, not to sublet any portion of the leased premises before restrictions are removed, except with the approval of the Secretary of the Interior. If this lease is divided by the assignment of an entire interest in any part of it, each part shall be considered a separate lease under all the terms and conditions of the original lease.

XIX. BOND. To furnish to the Area Director an acceptable surety bond as provided in 25 CFR 172.10. The right is reserved to the Secretary of the Interior or his authorized representative to require another bond under the provisions of 25 CFR 177.8.

XX. LIQUOR. The Lessee further agrees that it will not use or permit to be used any part of said premises for any unlawful conduct or purpose whatsoever; that it will not use or permit to be used any part of said premises for the manufacture, sale, gift, transportation, drinking, or storage or intoxicating liquors or beverages in violation of existing laws relating thereto, and that any violation of this clause by the Lessee or with its knowledge, shall render this lease voidable at the option of the Area Director.

XXI. INSPECTION. The leased premises producing operations, appurtenances, and all books and accounts of the Lessee may be inspected by the Lessor, and its agents or any authorized representative of the Secretary of the Interior.

XXII. DISPOSITION OF MINERALS AND SURFACE.

(a) The Lessor expressly reserves the right to lease, sell or otherwise dispose of the minerals not subject to this lease and the surface of the lands in this lease under existing law or laws hereafter enacted, such disposition to be subject to the right of the Lessee to use as much of the surface as is necessary in the extraction and removal of the minerals from the leased land.

There is further reserved to Lessor, after consultation with Lessee, the right to construct, use and maintain canals, pipe lines and syphons on and across said lands; provided such use and facilities will not unreasonably interfere with Lessee's mining operations and rights under this lease.

(b) Lessor may hereafter grant to other persons, firms or corporations oil and gas leases, non-mineral leases, licenses, oil and gas prospecting permits, or rights of any upon the leased premises; and oil and gas drilling and producing activities may be carried out concurrently with Lessee's mining operations; provided, however, that no oil rights or installations of any kind shall be situated so as to unduly interfere with Lessee's right to carry on its mining operations and related activities; and provided further, that no well may be drilled for oil or gas at any location which, in the opinion of the mining and oil and gas supervisor of the United States Geological Survey, would result in undue waste of mineral deposits or constitute a hazard to interfere with mining operations being conducted by Lessee on the leased premises. The provisions of this Section 22 shall be included in any oil and gas lease, license, prospecting permit or right-of-way granted by Lessor on the leased premises.

(c) Notwithstanding any other provision of this lease, the Lessor reserves the right without liability of any kind, except as provided in this lease, to grant to qualified applicants rights-of-way for pipelines for the transportation of oil, gas, helium or petroleum products, for power lines, telephone, telegraph and water lines incident to the operations of such pipelines, across the lands embraced in this lease, upon the condition that prior to the granting of any such right-of-way the applicant therefore, as a condition precedent to such grant, shall file with the Area Director or other official in charge of the Indian agency having jurisdiction over the lands the following expressed undertaking in writing for the express benefit of Lessee.

1. That applicant will either bury the pipeline to a sufficient depth or at a place to be designated by Lessee, construct and maintain, at applicant's expense, a ramp, so that loaded vehicles, including Lessee's heavy mining equipment, may pass unhindered over said pipeline. Whenever said pipeline is relocated pursuant to subparagraph (2) of this subsection (c) of this section one, applicant will either bury the relocated pipe or promptly construct and maintain, at its own expense, a suitable ramp in a new place designated by Lessee. Lessee shall not be responsible for damage to said pipeline caused by such vehicles and equipment to crossing said pipeline.

2. That applicant will make adequate provisions in the construction of said pipeline, power transmission lines, telephone, telegraph or water lines so that, in the event it is determined by Lessee that mining operations should be conducted within the area of the right-of-way or that a power or industrial plant or other building should be built in such area,

the line can be expeditiously relocated so as not to interfere with Lessee's operations; and applicant shall make such relocation, including any necessary bridging, at its own expense, within six (6) months from receipt of notice in writing from Lessee requesting such relocations. If applicant fails to make such relocation within such one-year period, Lessee may relocate the line without liability and at the expense of applicant.

3. Applicant will, at all times, keep, maintain and repair at its own expense, the portion of the pipeline crossing the leased premises in good working order and repair and in such condition as not to injure, endanger or interfere with Lessee or any person or property on or about the leased premises.

4. That applicant will promptly pay any lawful taxes, charges or assessments placed upon or levied against the pipeline or improvements or appurtenances in connection therewith; provided that applicant may contest the validity or amount of any such tax, charge or assessment and shall not be considered in violation of this stipulation until a reasonable time after final determination or such contest by a competent tribunal.

5. That applicant will be responsible for any damage to or loss of property or injury to or death of any person directly or indirectly caused by the enjoyment of pipeline rights, and shall hold Lessee harmless and indemnify it against any and all claims therefor; and shall further hold Lessee harmless from and indemnify it against damage to or loss of property belonging to applicant or injury to or death of any person on or about the pipeline crossing on behalf of or at the invitation of applicant.

6. That applicant shall specify in writing the address to which all notices and requests to be given or made by Lessee may be mailed.

(d) LESSOR AGREES THAT:

1. No pipeline right-of-way granted across the leased premises shall exceed fifty (50) feet in width. Rights-of-way for power lines and other purposes granted across the leased premises shall be of such widths as will accommodate themselves to Lessee's permitted use of the leased premises.

2. Lessee shall be given timely written notice of any application for rights-of-way over the leased premises before the same are granted.

3. An executed duplicate of the undertaking specified in subsection above and a true copy of the grant of rights described therein shall be furnished Lessee upon the granting of any application for rights over the leased premises.

XXIII. SURRENDER AND TERMINATION. A Lessee may surrender a lease or any legal subdivision thereof by filing with the Secretary on or before

the anniversary date of the lease a written relinquishment. If the lease has been recorded, the Lessee must file a recorded release on or before the anniversary date of the lease. The approved release relinquishment shall become effective on the date it is filed with the Secretary, subject to continued obligation of the Lessee and his surety to pay all accrued rentals, royalties, and other payments due and to recondition the premises in accordance with the terms of the lease and the regulations. The Lessee shall, within 30 days after the termination of this lease, furnish the Area Director detailed and complete written reports of the exploration done and all information concerning the nature and value of the minerals. (25 CFR 171.27)

XXIV. RELINQUISHMENT OF SUPERVISION BY THE SECRETARY OF THE INTERIOR.

Should the Secretary of the Interior, at any time during the life of this instrument, relinquish supervision as to all or part of the acreage covered hereby, the relinquishment does not bind the Lessee until the Secretary has given 30 days' written notice. Until the requirements are fulfilled, Lessee shall continue to make all payments due under Articles IV, V, and VI. After notice of relinquishment has been received by Lessee, this lease is subject to the following further conditions:

1. All rentals and royalties accruing shall be paid directly to Lessor or its successor in title.

2. If at the time supervision is relinquished by the Secretary of the Interior as to all lands under this lease, and Lessee has made all payments due under the lease and has fully performed all obligations on its part to be performed up to the time of such relinquishment, then the bond given to secure the performance of the lease and on file in the Indian Office shall be of no further force or effect.

XXV. WATER WELLS. Upon approval of the Lessor and the Area Director, the Lessee may, at its own expense, drill and equip water wells on the leased land. The Lessee agrees that at the termination of this lease, by expiration of its terms or otherwise, all wells shall be left intact and properly cased. Lessee may remove all mechanical pumping equipment installed by Lessee at any wells within 60 days after expiration of the lease, otherwise such equipment shall become the property of the Lessor.

XXVI. DAMAGES. The Lessee shall conduct all operations authorized by this lease, including construction, operation or maintenance of any of the facilities on or connected with this lease, so as to prevent unnecessary damage to vegetation, timber, soil, roads, bridges, cattle guards, fences and other improvements and so as to prevent damage to watershed or pollution of the water resources. On termination of operations under this lease, the Lessee shall make appropriate provisions for the conservation, repair and protection of the property and leave all the areas on which the Lessee has worked in a safe condition, not hazardous to life and limb, all to the satisfaction of the Lessor and the Area Director.

XVII. LIABILITY FOR DAMAGE. The Lessee is liable for any and all damages resulting from its operations under this lease; including injury to the Lessor, the tenants, licensees and surface owners, and for any and all damages to or destruction of all property, caused by the Lessee's operations hereunder. The Lessee agrees to save and hold the Lessor and the United States, its employees, licensees, and the surface owner of their tenants harmless from all suits for injury or claims for damages to persons and property resulting from the Lessee's operations under this lease.

XXVIII. ROADS. The Lessee may use existing roads, if any, on the leased land, on applications, duly approved in writing by the Lessor and the Area Director, the Lessee shall be entitled to construct and maintain, at its own expense, any additional roads on the leased land necessary for exploration and mining. No part of any such road shall inure to the benefit of the public, and the public shall obtain no rights thereon. If at any time the Lessee does not require the use of any such road for the operations authorized under this lease or upon termination of this lease for any cause whatsoever, the right to use any such road shall cease, and all the rights shall revert in Lessor in accordance with law. The Lessee shall hold the Lessor and the United States harmless and indemnify them against any loss for damage that might result from the negligent construction or maintenance by Lessee of the road.

XXIX. INDIAN LABOR. The Lessee shall give a priority right of employment to members of the Navajo Tribe for all positions for which they are qualified and available and shall pay the prevailing wage rates for similar services in the area. Upon initial hiring and whenever thereafter a job opening occurs, the Lessee, its contractors, or subcontractors, shall give notice of such opening to the Lessor stating the time and place where job applications will be accepted. Except in the cases of emergency, no non-member of the Tribe shall be hired for any job until 48 hours (not counting Saturdays and Sundays) following the delivery of such notices to the Navajo Tribe.

XXX. INSURANCE, SOCIAL SECURITY, TAXES, ETC. The Lessee agrees to carry such insurance covering all persons working in, on or in connection with the leased premises for the Lessee as willfully comply with the provisions of the statutes of the State of New Mexico covering workmen's compensation and occupational disease, as are now in force or as may be amended. Further, the Lessee agrees to comply with all the terms and provisions of all applicable laws of the State of New Mexico and to the United States of America as now exist or as may be amended, pertaining to Social Security, unemployment compensation, wages, hours and conditions or labors; and to indemnify and hold the Lessor and the United States harmless from payment of any damages occasioned by the Lessee's failure to comply with these laws. The Lessee shall pay all taxes lawfully levied or assessed on the sale, severance, production, extraction or removal of any of the minerals covered by this lease.

XXXI. HEIRS AND SUCCESSORS IN INTEREST. It is further covenanted and agreed that each obligation under this lease shall extend to and be binding upon, and every benefit hereof shall inure to the heirs, executors, administrators, successors of or assigns of the parties to this lease.

XXXII. GOVERNMENT EMPLOYEES CANNOT ACQUIRE LEASE. No lease, assignment thereof or interest therein, will be approved to any employee or employees of the United States Government whether connected with the Indian Service or otherwise, and no employees of the Interior Department shall be permitted to acquire any interest in such leases by ownership of stock in corporations having leases or in any other manner.

XXXIII. PENALTIES. Failure of the Lessee to comply with any provisions of the lease, of the operating regulations, of the regulations set forth in 25 CFR 171 and 177, order of the Area Director or his representative, or of the order of the Supervisor or his representative, shall subject the lease to cancellation by the Secretary of the Interior or the Lessee to a penalty of not more than FIVE HUNDRED DOLLARS (\$500) a day for each and every day the terms of the lease, the regulations, or such orders are violated; or to both such penalty and cancellation; provided, that Lessee shall be entitled to notice and hearing within 30 days after such notice, with respect to the terms of the lease, regulations, or orders violated, which hearing shall be held by the Supervisor, whose findings shall be conclusive unless an appeal be taken to the Secretary of the Interior within 30 days after notice of the Supervisor's decision, and the decision of the Secretary of the Interior, upon appeal, shall be conclusive.

XXXIV. CANCELLATION AND FORFEITURE. When, in the opinion of the Secretary of the Interior or his authorized representative, there has been a violation of any of the terms or conditions of this lease before restrictions are removed, the Secretary of the Interior or his authorized representative has the right at any time after 30 days notice to the Lessee, specifying the terms and conditions violated, and after a hearing, if the Lessee shall so request within 30 days of receipt of notice, to declare this lease void and the Lessor may then take immediate possession of the land provided Lessee does not cure its default within 30 days or, if Lessee requests a hearing and does not cure its defaults within 20 days after the final decision resulting from said hearing. After restrictions are removed, the Lessor may use any available remedy in law or equity for breach of this contract by the Lessee. The remedies specified hereunder are in addition to remedies specifically provided in 25 CFR 171 and 177.

XXXV. OBLIGATIONS. While the leased premises are in trust or restricted status, all of the Lessee's obligations under this lease and the obligations of his sureties, are to the United States as well as the owners of the land.

Article X - Continued: (6) Within 20 days after the anniversary date of the lease, the lessee agrees to file a report to the Mining Supervisor and the Area Director, a report showing the acreage stripped, the amount of acreage rehabilitated, the method of rehabilitation and the number of acres graded and backfilled.

IN WITNESS WHEREOF, the said parties have hereunto subscribed their names and affixed their seals on the day and year first above-mentioned.

Two Witnesses to Execution by Lessor:

(Name)

(Lessor) Walter Vandever, or heirs,
as the case may be

(Address)

(Address)

(Name)

(Address)

Two Witnesses to Execution by Lessee:

(Name)

(Lessee)

G. Warnock

(Address)

(Address)

Albuquerque, NM 87111

Approved under authority of Commissioner's Redeleation Order per 10 BIAM,
Section 3.1.

OCT 23 1975

Date

ACTING ASSISTANT

VSZ JOHN J. BOKAN

Area Director

ACKNOWLEDGEMENT OF LESSEE

STATE OF New Mexico X
X ss
COUNTY OF Bernalillo X

On this 8th day of October, 1975, before me

appeared G. Warnock, to me personally known,

who being by me duly sworn did say that he is the Owner Lessee

of _____
(and that the seal affixed to said instrument is the corporate seal of said corporation), and that the said instrument was signed and sealed in behalf of said corporation by authority of its Board of Director, and said _____

_____ acknowledges said instrument to be the free act and deed of said corporation.

WITNESS my hand and seal the day and year first above written.

[Signature]
Notary Public

My Commission Expires: 3-5-78

ACKNOWLEDGEMENT OF LESSOR

STATE OF _____ X
X ss
COUNTY OF _____ X

On _____, 19____, before me, the undersigned, a Notary Public in and for the said County and State, personally appeared _____

_____ to me known to be the identical person who subscribed the name of the maker thereof of the foregoing instrument and acknowledged to me that (he, she) executed the same as (his, her) free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes set forth therein.

Notary Public

My Commission Expires: _____

IN WITNESS WHEREOF, the said parties have hereunto subscribed their names and affixed their seals on the day and year first above-mentioned.

Two Witnesses to Execution by Lessor:

(Name)

(Lessor) Walter Vandever, or heirs, as the case may be

(Address)

(Address)

(Name)

(Address)

Two Witnesses to Execution by Lessee:

(Name)

(Lessee) G. Warnock

(Address)

3620 Wyoming Blvd. NE
(Address)

Albuquerque, NM 87111

Barbara J. Ruiz
7105 San Francisco NE
Albq., New Mexico 87109
Anna Blumgeller
12108 Palm Springs NE
Albq. NM 87111

Approved under authority of Commissioner's Redlegation Order per 10 BIAM,

Section 3.1.

OCT 23 1975

Date

ACTING ASSISTANT

Area Director

CANCELED

OCT. 23, 1985

15/ Wilbur D. Wilkinson -13-
AREA DIRECTOR

Symek
10-22-75

URANIUM ROYALTY SCHEDULE

Royalty: to pay or cause to be paid to the Bureau of Indian Affairs, Area Director, Navajo Area Office, Window Rock, Arizona, for the use and benefit of the lessor, a royalty calculated by the following formula:

$$\text{Percentage Royalty Rate} = 6.00\% + 0.05\% \left(\frac{\text{(Value per dry ton)}}{\$1.00} \right)$$

The percentage royalty rate derived by the above formula is to be applied to the "value per dry ton" as defined below for the purpose of determining the amount of royalty due.

- (a) "Value per dry ton"; wherever used herein, is defined as follows:

The value, expressed in dollars, of a dry ton (2,000 lbs.) of crude uranium ore, such value to be determined by multiplying the weighted average content per dry ton of uranium concentrate in the crude ore produced from the leased premises, by the weighted average price per pound paid for all uranium concentrate obtained from said ore when sold by the lessee, or company processing lessee's ore during the period for which royalty is being computed. If there are no sales of uranium concentrate during the period for which royalty is being computed, the price of uranium concentrate applied will be the weighted average price per pound received by the lessee or company processing lessee's ore then concentrates were sold during the preceding six month period.

- (b) Whenever vanadium and other minerals associated with uranium are recovered and sold by the lessee, or company processing lessee's ore, the lessee shall pay to or for the benefit of the lessor a royalty of ten (10) percent of the gross proceeds derived from such sale; and where the lessee retains possession of the associated mineral products, a separate royalty value will be negotiated.
- (c) The lessee agrees to pay to or for the benefit of the lessor a royalty of ten (10) percent of the value of uranium concentrate recovered from mine waters (whether natural or introduced); from leaching ores in place on the leased lands or from leaching such materials after they have been mined (unless the crude ore has been weighed and assayed prior to leaching) or extracted from the leased lands; or from leaching the waste material resulting from the treatment of ores from the leased lands. The value of uranium concentrate, as used herein, shall be the weighted average price per pound paid for all uranium contained in concentrate, at the processing plant producing such concentrate, during the period for which royalty is being computed, except that if no sales have been made during the period for which royalty is being computed, the value of uranium concentrate shall be the weighted average price per pound received by the lessee or the seller of lessee's concentrate during the preceding six (6) months.

- (d) In the event, there have been no sales of uranium or vanadium concentrates, or minerals associated therewith, in the six months preceding the period for which royalty is being computed, or for other undefined circumstances, the Secretary or his authorized representative may establish reasonable minimum values for the purpose of computing royalty on any of the leased deposits, due consideration being given to the highest price paid for a part or a majority of the products of like quality produced from the same general area, the price received by the lessee, posted prices, and other relevant matters.

SIGNATURE SHEET

To be attached to and become a part of Form 5-159 Contract No. N00-C-14-20-5681

Lessor:

Emma Vandever, or heirs, as the case
Census No. may be -- 6842

Address

BROWN RANDEVER

Brown Vandever

6841

Census No.

Address P.O. Box 262 Prewitt

Chee Vandever

6840

Census No.

Address P.O. Box 102 Prewitt

Joe Vandever

6839

Census No.

Address Box 289 Prewitt, Mex.

Mary Vandever Ashley

6837

Census No.

Address P.O. Box 71, Prewitt

May Vandever Delgarto

86817

Census No.

Address Box 225 Prewitt, W.M.

Helen Vandever

49539

Census No.

Address P.O. Box 364, Prewitt

Two Witnesses to Execution by Lessor:

P.O.

P.O.

P.O. Alb., N. Mex. 87108

7407 Central NE

P.O. Box 262 Prewitt

Thomas A. Parkhill

P.O. Box 262 Prewitt

Thomas A. Parkhill

P.O. Alb., N. Mex. 87108

7407 Central NE

P.O. Box 102 Prewitt

Thomas A. Parkhill

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P.O. Box 102 Prewitt

Thomas A. Parkhill

Tract _____, Sale _____

Contract No. NOC-C-14-20- 5681

Superintendent for and on behalf of the following minor(s) per authority given under 25 CFR 172.5:

Superintendent

Superintendent for and on behalf of the following heirs where the estate of the owner is unprobated and/or where the whereabouts of the heirs of such deceased owner are unknown per 25 CFR 172.9:

Emma Vandever C#6842

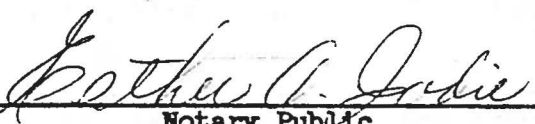

Acting Superintendent

STATE OF NEW MEXICO)
) ss.
COUNTY OF)

Before me, a notary public in and for the State and County aforesaid, on this 16 day of October, 1975, personally appeared Medardo Gonzales, Acting Superintendent, Eastern Navajo Agency, acting on behalf of Emma Vandever C#6842

Minor(s), deceased heir whose estate has not been determined, or whose whereabouts is not known, to me to be the identical person who executed the within and foregoing, and acknowledged to me that he executed the same as his voluntary act and deed for the uses and purposes therein set forth.

My Commission expires:
My Commission expires May 10, 1979


Notary Public